

SAN DIEGO COUNTY

Audit Report

DOMESTIC VIOLENCE TREATMENT SERVICES— AUTHORIZATION AND CASE MANAGEMENT PROGRAM

Chapters 183 and 184, Statutes of 1992; Chapter 28,
Statutes of 1994; and Chapter 641, Statutes of 1995

July 1, 2001, through June 30, 2005



JOHN CHIANG
California State Controller

January 2008



JOHN CHIANG
California State Controller

January 18, 2008

Tracy M. Sandoval
Assistant Chief Financial Officer/Auditor and Controller
San Diego County
1600 Pacific Highway, Room 166
San Diego, CA 92101

Dear Ms. Sandoval:

The State Controller's Office audited the costs claimed by San Diego County for the legislatively mandated Domestic Violence Treatment Services—Authorization and Case Management Program (Chapters 183 and 184, Statutes of 1992; Chapter 28, Statutes of 1994; and Chapter 641, Statutes of 1995) for the period of July 1, 2001, through June 30, 2005.

The county claimed \$1,193,266 for the mandated program. Our audit disclosed that \$970,979 is allowable and \$222,287 is unallowable. The unallowable costs resulted because the county claimed salaries and benefits not supported by adequate documentation. The State paid the county \$410,752. Allowable costs claimed exceed the amount paid by \$560,227.

For the unsupported salaries costs, if the county subsequently provides corroborating evidence to support the time it takes to review treatment vendors' applications and on-site evaluations—including the number of review and evaluations performed—we will revise the final report as appropriate.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at CSM's Web site, at www.csm.ca.gov (Guidebook link); you may obtain IRC forms by telephone, at (916) 323-3562, or by e-mail, at csminfo@csm.ca.gov.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/sk:wm

cc: Suzanne Haynes-Pitts, Manager
Revenue and Cost Accounting
San Diego County

Terry P. Bangayan, Accounting Manager
Probation Department
San Diego County

Todd Jerue, Program Budget Manager
Corrections and General Government
Department of Finance

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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by San Diego County for the legislatively mandated Domestic Violence Treatment Services—Authorization and Case Management Program (Chapters 183 and 184, Statutes of 1992; Chapter 28, Statutes of 1994; and Chapter 641, Statutes of 1995) for the period of July 1, 2001, through June 30, 2005.

The county claimed \$1,193,266 for the mandated program. Our audit disclosed that \$970,979 is allowable and \$222,287 is unallowable. The unallowable costs resulted because the county claimed unsupported salaries and understating the productive hourly rates and indirect cost rates. The State paid the county \$410,752. Allowable costs claimed exceed the amount paid by \$560,227.

Background

Chapters 183 and 184, Statutes of 1992; Chapter 28, Statutes of 1994; and Chapter 641, Statutes of 1995 repealed, added, or amended Penal Code sections 273.5, 1000.93 through 1000.95, and 1203.097. This legislation provides that if an accused defendant is convicted of a domestic violence crime and granted probation as part of sentencing, the defendant is required to successfully complete a batterer's treatment program as a condition of probation.

The Commission on State Mandates (CSM) determined that probation is a penalty for conviction of a crime. The successful completion of probation is required before the unconditional release of the defendant. If the defendant fails to successfully complete a batterer's treatment program, the legislation subjects the defendant to further sentencing and incarceration.

Since the Legislature changed the penalty for domestic violence crimes by changing the requirements for probation, the CSM determined that the "crimes and infractions" disclaimer in Government Code section 17556, subdivision (g), applies. The CSM concluded that subdivision (g) applies to those activities required by the legislation that are directly related to the enforcement of the statute, which changed the penalty for a crime.

On April 23, 1998, the CSM determined that Chapters 183 and 184, Statutes of 1992; Chapter 28, Statutes of 1994; and Chapter 641, Statutes of 1995 imposed a state mandate reimbursable under Government Code section 17561.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted the parameters and guidelines on November 30, 1998. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and school districts in claiming mandated program reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Domestic Violence Treatment Services—Authorization and Case Management Program for the period of July 1, 2001, through June 30, 2005.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted the audit according to *Government Auditing Standards*, issued by the Comptroller General of the United States, and under the authority of Government Code sections 12410, 17558.5, and 17561. We did not audit the county's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that costs claimed were allowable for reimbursement. Accordingly, we examined transactions, on a test basis, to determine whether the costs claimed were supported.

We limited our review of the county's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

Our audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the unsupported salaries costs, if the county subsequently provides corroborating evidence to support the time it takes to review treatment vendors' applications and on-site evaluations—including the number of review and evaluations performed—we will revise the final report as appropriate.

For the audit period, San Diego County claimed \$1,193,266 for costs of the Domestic Violence Treatment Services—Authorization and Case Management Program. Our audit disclosed that \$970,979 is allowable and \$222,287 is unallowable.

For the fiscal year (FY) 2001-02 claim, the State paid the county \$155,459. Our audit disclosed that \$311,849 is allowable. The State will pay allowable costs that exceed the amount paid, totaling \$156,390, contingent upon available appropriations.

For the FY 2002-03 claim, the State paid the county \$150. Our audit disclosed that \$236,590 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$236,440, contingent upon available appropriations.

For the FY 2003-04 claim, the State made no payments to the county. Our audit disclosed that \$220,105 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$220,105, contingent upon available appropriations.

For the FY 2004-05 claim, the State paid the county \$255,143. Our audit disclosed that \$202,435 is allowable. The State will offset \$52,708 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

**Views of
Responsible
Officials**

We issued a draft audit report on December 14, 2007. Tracy M. Sandoval, Assistant Chief Financial Officer/Auditor and Controller, and Mack Jenkins, Chief Probation Officer, Probation Department, responded by letter dated January 14, 2008, disagreeing with a portion of Finding 1 and agreeing with Finding 2. This final audit report includes the county's response.

Restricted Use

This report is solely for the information and use of San Diego County, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

January 18, 2008

**Schedule 1—
Summary of Program Costs
July 1, 2001, through June 30, 2005**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2001, through June 30, 2002</u>				
Salaries	\$ 231,591	\$ 199,048	\$ (32,543)	Finding 1
Benefits	55,244	47,585	(7,659)	Finding 1
Services and supplies	4,625	4,625	—	
Total direct costs	291,460	251,258	(40,202)	
Indirect costs	77,445	66,591	(10,854)	Finding 1
Total direct and indirect costs	368,905	317,849	(51,056)	
Less offsetting reimbursements	(6,000)	(6,000)	—	
Total program costs	<u>\$ 362,905</u>	311,849	<u>\$ (51,056)</u>	
Less amount paid by the State		(155,459)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 156,390</u>		
<u>July 1, 2002, through June 30, 2003</u>				
Salaries	\$ 202,963	\$ 153,404	\$ (49,559)	Finding 1
Benefits	53,517	39,404	(14,113)	Finding 1
Services and supplies	4,745	4,745	—	
Total direct costs	261,225	197,553	(63,672)	
Indirect costs	58,247	43,787	(14,460)	Finding 1
Total direct and indirect costs	319,472	241,340	(78,132)	
Less offsetting reimbursements	(4,750)	(4,750)	—	
Total program costs	<u>\$ 314,722</u>	236,590	<u>\$ (78,132)</u>	
Less amount paid by the State		(150)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 236,440</u>		
<u>July 1, 2003, through June 30, 2004</u>				
Salaries	\$ 142,784	\$ 117,008	\$ (25,776)	Finding 1
Benefits	83,022	66,221	(16,801)	Finding 1
Services and supplies	3,250	3,250	—	
Total direct costs	229,056	186,479	(42,577)	
Indirect costs	40,690	42,876	2,186	Findings 1, 2
Total direct and indirect costs	269,746	229,355	(40,391)	
Less offsetting reimbursements	(9,250)	(9,250)	—	
Total program costs	<u>\$ 260,496</u>	220,105	<u>\$ (40,391)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 220,105</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2004, through June 30, 2005</u>				
Salaries	\$ 137,118	\$ 111,219	\$ (25,899)	Finding 1
Benefits	85,159	60,698	(24,461)	Finding 1
Services and supplies	2,985	2,985	—	
Total direct costs	225,262	174,902	(50,360)	
Indirect costs	35,631	33,283	(2,348)	Findings 1, 2
Total direct and indirect costs	260,893	208,185	(52,708)	
Less offsetting reimbursements	(5,750)	(5,750)	—	
Total program costs	<u>\$ 255,143</u>	202,435	<u>\$ (52,708)</u>	
Less amount paid by the State		<u>(255,143)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (52,708)</u>		
<u>Summary: July 1, 2001, through June 30, 2005</u>				
Salaries	\$ 714,456	\$ 580,679	\$ (133,777)	
Benefits	276,942	213,908	(63,034)	
Services and supplies	15,605	15,605	—	
Total direct costs	1,007,003	810,192	(196,811)	
Indirect costs	212,013	186,537	(25,476)	
Total direct and indirect costs	1,219,016	996,729	(222,287)	
Less offsetting reimbursements	(25,750)	(25,750)	—	
Total program costs	<u>\$ 1,193,266</u>	970,979	<u>\$ (222,287)</u>	
Less amount paid by the State		<u>(410,752)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 560,227</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

FINDING 1— Unallowable salaries and benefits, and related indirect costs

The county did not support \$196,811 of the \$1,193,266 in claimed salaries and benefits for the audit period. The related indirect costs total \$41,059.

The county claimed costs under the following three components: (1) administration and regulation of batterers' treatment programs; (2) victim notification; and (3) assessing future probability of defendant committing murder. For component 1, the county did not provide any support for \$282,361 in claimed costs during the audit period for a deputy probation officer.

In addition, the county understated all of the productive hourly rates in FY 2003-04 and FY 2004-05, and, therefore, understated costs by \$85,550.

The following table summarizes the audit adjustment:

	Fiscal Year				Total
	2001-02	2002-03	2003-04	2004-05	
Salaries and benefits:					
Unsupported costs	\$ (40,202)	\$ (63,672)	\$ (83,882)	\$ (94,605)	\$ (282,361)
Misstated productive hourly rate	—	—	41,305	44,245	85,550
Total salaries and benefits	(40,202)	(63,672)	(42,577)	(50,360)	(196,811)
Indirect costs	(10,854)	(14,460)	(7,672)	(8,073)	(41,059)
Audit adjustment	<u>\$ (51,056)</u>	<u>\$ (78,132)</u>	<u>\$ (50,249)</u>	<u>\$ (58,433)</u>	<u>\$ (237,870)</u>

The program's parameters and guidelines require that costs claimed be traceable to source documents.

Recommendation

We recommend that the county establish ongoing procedures to identify actual time spent performing mandated activities.

County's Response

The county is disputing the disallowed \$282,361 of salaries and benefits, including the related indirect costs of \$41,059 of a Deputy Probation Officer who is primarily responsible for the administration and regulation of the Domestic Violence Program for the audit period of July 1, 2001, through June 30, 2005. The State Controller has allowed the County Probation Department to submit a time study plan to support the Deputy Probation Officer total costs of \$323,420. The County Probation Department will be submitting this time study plan within the next three months.

The Probation Department accepts the recommended adjustments to the productive hourly rates and the resulting additional amount of \$85,550 for the period of July 1, 2003, through June 30, 2005.

SCO's Comment

The finding and recommendation remain unchanged. Based on discussion with Terry Bangayan, Accounting Manager of the Probation Department, and documentation the county provided, the deputy probation officer's time included ongoing activities not reimbursable under the mandate, e.g., meeting and conferring with and soliciting input from criminal justice agencies and domestic violence victim advocacy programs. We will review the time-study plan and results once completed, and will revise this report as appropriate.

**FINDING 2—
Understated indirect costs**

The county understated its indirect cost rates for FY 2003-04 and FY 2004-05, and therefore, understated claimed indirect costs by \$15,583. The county revised its indirect cost rates because its initial calculation did not include all applicable costs. We reviewed the county's calculation and concur with the revised rates.

The following table summarizes the understated indirect costs:

	<u>Fiscal Year</u>		
	<u>2003-04</u>	<u>2004-05</u>	
Actual indirect cost rate	23.40%	19.36%	
Claimed indirect cost rate	18.02%	16.03%	
Understated indirect cost rate	5.38%	3.33%	
Allowable salaries and benefits	<u>× \$183,229</u>	<u>× \$171,916</u>	
Audit adjustment	<u>\$ 9,858</u>	<u>\$ 5,725</u>	<u>\$ 15,583</u>

The parameters and guidelines state that all indirect costs are eligible for reimbursements.

Recommendation

We recommend that the county ensure that its indirect cost rates are correctly computed.

County's Response

The Probation Department concurs with the understatement of indirect costs by \$15,583 for the period of July 1, 2003, through June 30, 2005. The county will ensure that future claims will include appropriate indirect cost rate calculations.

SCO's Comment

The finding and recommendation remain unchanged.

**Attachment—
County’s Response to
Draft Audit Report**



County of San Diego

DONALD F. STEUER
CHIEF FINANCIAL OFFICER
16191 531-5413
FAX 16191 531-5219

AUDITOR AND CONTROLLER
1600 PACIFIC HIGHWAY STE 166, SAN DIEGO, CALIFORNIA 92101-2478

TRACY M. SANDOVAL
ASST. CHIEF FINANCIAL OFFICER/
AUDITOR & CONTROLLER
16191 531-5413
FAX 16191 531-5219

January 14, 2008

Jim L. Spano, Chief
Mandated Cost Audits Bureau
California State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874

Dear Mr. Spano:

DOMESTIC VIOLENCE TREATMENT SERVICES - AUTHORIZATION AND CASE MANAGEMENT PROGRAM AUDIT RESPONSE

The County of San Diego Probation Department has reviewed the draft audit report of San Diego County's costs claimed related to the legislatively mandated Domestic Violence Treatment Services – Authorization and Case Management Program for the period of July 1, 2001 through June 30, 2005. The County is submitting this response to the audit findings per the draft audit report:

Finding 1 – Unallowable Salaries and Benefits, and Related Indirect Costs:

The County is disputing the disallowed \$282,361 of salaries and benefits, including the related indirect costs of \$41,059 of a Deputy Probation Officer who is primarily responsible for the administration and regulation of the Domestic Violence Program for the audit period of July 1, 2001 through June 30, 2005. The State Controller has allowed the County Probation Department to submit a time study plan to support the Deputy Probation Officer total costs of \$323,420. The County Probation Department will be submitting this time study plan within the next three months.

The Probation Department accepts the recommended adjustments to the productive hourly rates and the resulting additional amount of \$85,550 for the period of July 1, 2003 through June 30, 2005.

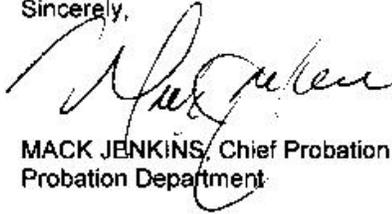
Finding 2 – Understated Indirect Costs:

The Probation Department concurs with the understatement of indirect costs by \$15,583 for the period of July 1, 2003 through June 30, 2005. The County will ensure that future claims will include appropriate indirect cost rate calculations.

Domestic Violence Treatment Services –
Authorization and Case Management Program Audit Response
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January 10, 2008

Thank you for the opportunity to review and submit our comments to your draft audit report to the Domestic Violence Treatment Services - Authorization and Case Management Program. If you have any questions, please contact Terry Bangayan, Accounting Manager of the Probation Department at (858) 514-3226.

Sincerely,



MACK JENKINS, Chief Probation Officer
Probation Department



TRACY M. SANDOVAL
Assistant Chief Financial Officer/Auditor and Controller

RCA:MF:de

**State Controller's Office
Division of Audits
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